

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

September 28, 2000

Mr. James H. Athaus
Mayor
Town of Signal Mountain
1111 Ridgeway Avenue
Signal Mountain, TN 37377

Reference: Extension of Water Purchase Agreement Between Tennessee American Water Company and Town of Signal Mountain - Docket No. 00-00745

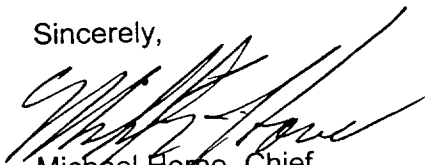
Dear Mr. Athaus:

As part of the Tennessee Regulatory Authority review of the above filing, the staff would request some additional information for clarification:

1. Before entering into this purchase agreement did the Town of Signal Mountain review or study alternative sources of supply for your needs? Could you briefly tell us your findings and the alternative sources that were reviewed?
2. Have you estimated the cost benefits of these alternatives compared to the purchase agreement? Could you provide the reasons for not choosing these alternatives?
3. Since July 1, 1997, what has been the quality of service you have received from Tennessee American Water Company? Have you generally been satisfied?

The information requested above will assist the Tennessee Regulatory Authority in its review of the filing, and we request you return your reply to us by October 10, 2000 so that we can complete our review process. Should you have any questions or require further information, I can be reached at (615) 741-2904, extension 174.

Sincerely,



Michael Horne, Chief
Energy and Water Division

c: David Waddell
Mr. Hershel Dick, Town Manager

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